FLA Audit Profile		FLA IEV Profile
Country	China	China
Factory name	81001524D	81001524DV
SM	TUV Rheinland Hong Kong Ltd.	Level Works Limited
Date(s) in facility	September 19-20, 2005	September 6-7, 2011
PC(s)	adidas AG	adidas AG
Number of workers	6038	7540
Product(s)	Sport shoes	Sport Shoes
Production processes	Stamping, Stitching, Adhesion, Packing	Stamping, Stitching, Adhesion, Packing

		IEM Findings					Remediation		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Company Verification Follow-Up							
FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features Implemented by Factory Management or Company	PC Remediation plan	Target Complet on Date	Company follow up (16-Feb-06)	Documentation	Company Follow up (06-May-2006)	Documentation	Company Follow up (16-Jan-2007)	Documentation	Company Follow up (13 July, 2007)	Documentation	Company Follow up (23-Jan-2008)	Documentation	Company Follow up (July 2009)	Documentation	Company Follow up (July 2009)	Documentation	IEV Assessment (September MIA/FN, 2011)	Company Follow Up (January 2012)	Documentation	Company Follow Up (August 2012)	Documentation	Company Follow Up (March 2013)	Documentation	Company Follow Up (September 2013)	Documentation
1. Code Awareness																																
Code posting/information		**FLA Principle of Monitoring, Obligation of Companies:** Ensure that the code is fair, written in workplace standards. Formally communicate these standards to Company factories as well as to its licensees, contractors and suppliers.						SBA (Social and Environmental Affairs) team was set up for communication with Adidas.																		N/A							
Worker/management awareness of Code		**FLA Principle of Monitoring, Obligation of Companies:** Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Workers are not familiar with adidas AG' Code of Conduct.				Workers' interview s; No training evaluation.		SOE,(adidas code of conduct) Roster w ill be added into workers handbook. Factory w ill provide trainings for w orkers and supervisors are responsible to do the daily aw areness promotion.	31-Mar-06	Besides having updated the Worker Handbook w hich includes labor standards, factory is setting a booklet w hich summarizes the key points of HSE standards and w hich can be used as training material. The training for supervisors is planned on Feb 22, 23. Factory is looking for supplier to print the booklet.	Updated w orker handbook; the draft HSE booklet	Factory has edited the key points of SOE and added it into w orker handbook. Since the factory w ill be re-located and merged w ith a sister factory by October 2006, there are some additional policies that w ill be added into handbook by the new Factories. Factory Management plans to print out the new w orkers handbook in November 2006.	Factory Management interview ; the draft handbook	The HSE policies have been integrated in the revised Worker Handbook. The new Worker Handbook also contains an SBA summary section that includes the PC's w orkplace standard. The printing of the new Worker Handbook-w ill be finished before Chinese New Year (CNY). Workers w ill receive the new Worker Handbook after the CNY holiday.	Factory management interview	Worker Handbook is revised, printed and distributed already. It includes the basic requirements on HSE and a Chinese version of Workplace Standard.	Factory management interview ; Documentation review							Completed. Through document review and w orker interview , it w as noted that A/Z Code of Conduct w as trained to all w orkers through orientation training and irregular refreshing training.							
2 Forced Labor																																
There w ill not be any use of forced labor, w hether in the form of prison labor, indentured labor, bonded labor or otherwise																									N/A							
3. Child Labor																																
No person will be employed at an age younger than 15 (or 14 w here the law of the country of manufacture allow s) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																									New Finding: It w as noted that no registration at local labor department had been done for juvenile w orkers. Source: Document review , w orkers and management interview Legal Reference: PRC Labor Law article 55	1) Factory conducted registration immediately for all the juvenile w orkers at Local Labor Office after FLA's audit. 2) Factory updated its policy on juvenile w orkers registration procedure to make it clear. 3) Factory assigned one person for juvenile w orkers management. 4. The juvenile w orkers list w ill be updated monthly and conduct registration procedure as required.	Management interview and document review	1. It is verified that all juvenile w orkers have been registered w ith local labor office as per legal requirement. 2. Factory has been updating juvenile w orker name list on monthly basis to ensure all juvenile labor are registered w ith local labor office. 3. The juvenile is designated one HR staff to take care such registration as her routine job responsibility. 4. Factory keeps a copy of registration forms w ith chopped signature of local labor office.	Management interview , w orker interview , and document review	1. It is verified that all juvenile w orkers have been registered w ith local labor office as per legal requirement. 2. Factory has been updating juvenile w orker name list on monthly basis to ensure all juvenile labor are registered w ith local labor office. 3. The juvenile is designated one HR staff to take care such registration as her routine job responsibility. 4. Factory keeps a copy of registration forms w ith chopped signature of local labor office. The issue can be closed.	Management interview , w orker interview , and document review	The remediation w as completed during last follow up audit.
4. Harassment or Abuse																																
Every employee w ill be treated w ith respect and dignity. No employee w ill be subject to any physical, sexual, psychological or verbal harassment of abuse.																									N/A							
5. Nondiscrimination																																
No person w ill be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																									N/A							
6. Health and Safety																																
Employers w ill provide a safe and healthy w orking environment to prevent accidents and injury to health arising out of, linked w ith, or occurring in the course of w ork or as a result of the operation of employer facilities																									N/A							
Fire Safety Health and Safety legal compliance	Building construction law, Fire law	Employer w ill comply w ith applicable health and safety laws and regulations. In any case w here law s and code of conduct are contradictory, the higher standards w ill apply. The factory w ill possess all legally required permits	Construction safety proof and fire safety proofs of some factory buildings were not available.				Existing construction safety proof and fire safety proof certificates w ere checked and interview w ith Health and safety officer.		Factory should keep construction safety proof and fire safety proof of all buildings in place.	28-Feb-06	Factory got the related construction safety proof from the local authority. And factory is w orking to get the fire safety proof now.	documents on file.	All but tw o buildings have fire safety proof. Factory w ill move out from these buildings to [the] new factory in Dec. 2006. The tw o buildings are fire proof. For the time being, factory continues to w ork w ith its internal Fire safety team that monitors the w orkplace conditions regularly in order to ensure safe w orkin conditions.	documents on file.	Factory has moved to new building in September 2006. As previously reported, new buildings have fire proof certificates.												Completed. Through document review , it w as noted that fire inspection certificate of all factory buildings w ere provided for review.							
Document Maintenance/ Accessibility		All documents required to be available to w orkers and management by applicable law s (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by the majority of the w orkers if different from the local language	1) Hydrochloric acid and DELVAC SUPER 1300-15W-40 w ere used in the factory, but their MSDS w ere not available; 2) MSDS hanged on the glue cart at w orkshop B did not match w ith the actual content w e found on the cart.				MSDS of chemicals in w arehouse w ere checked and verification of suitability of MSDS by on-site observation.		1) MSDS of Hydrochloric acid and DELVAC SUPER 1300-15W-40 are available now in the factory 2) People w ho are responsible for glue cart should check w hether MSDS match w ith the chemicals on the cart.	9-Nov-05	1) MSDS of Hydrochloric acid and DELVAC SUPER 1300-15W-40 are available and keep on file now in the factory. 2) When w orker deliveries glues to the glue cart, he w ill check w hether MSDS match w ith the chemicals on the cart or not.	documents on file; visual verification															Completed. Through factory tour, it w as noted that 1) no hydrochloric acid and DELVAC SUPER 1300-15W-40 are in use in the factory . 2) correct MSDS for glue w as available in w orkshops.							
Evacuation Procedure		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied w ith and w orkers shall be trained in proper safety, first aid, and evacuation procedures	Evacuation plans on w orkshops and w arehouse did not match w ith the actual layout.				By document checking and on-site observation.		Factory already updated the evacuation plans accordingly; evacuation plans match layout. Factory should make sure evacuation plans should match w ith actual layout. Whenever there is a change of the layout, evacuation plans should be changed correspondingly as soon as possible.	8-Dec-05	Factory updated all evacuation plans and posted them on each floor of the w orkplace.	visual verification; documentation review	Factory Management updated all evacuation plans and posted them on each floor of the w orkplace. Fire safety team s in charge of the updates of the plans. Supervisors are required to remind all w orkers w henever new changes happen.	documents on file, visual verification													Completed. Through factory tour, it w as noted that evacuation map w as posted in each w orkshop correctly.							
PPE		Workers shall w ear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection) and shall be trained in proper use of PPE. Where inhalation or contact w ith solvent vapors, noise, dust, etc.) to hazardous elements including medical w aste.	MSDS of glue (#7116) mentioned gloves should be w orn. But w orkers did not w ear gloves during production.	Health check of w orkers show ed that overall abnormality of hearing and blood test increased from 9.8% in 2004 to 2005 12.7%. On the other hand, noise level monitoring fail area increase from 22% to 50%. Factory take no action on these tw o scenarios.			By document checking and on-site observation.		1) Factory should provide w orkers PPE according to MSDS's requirement. Provide training to w orkers on how to properly use the use of PPE. Supervisors to enforce the use of PPE. 2) Workers w hose occupational health check is abnormal in hearing and blood test should be changed to other position w ithout occupational disease risk. Factory to monitor w orkers health condition on regular basis. Factory to look for alternative products that contain less toxic chemicals to reduce exposure. 3) Factory should keep the machines w hich produce loud noise in an isolated area to reduce w orkers exposure to the high noise level. Factory should keep the machines and machines in good condition so that noise can be reduced. Factory should maintain the effectiveness of w orkplace's ventilation system, provide w orkers PPE and train w orkers to w ear it correctly.	1). 23-Dec-2005 2) 28-Feb-2006	1) Factory updates PPE list to be a w eek according to the chemicals w hich are being used in the factory. Training on how to provides PPE according to PPE list to w orkers. Training on PPE is included in orientation and is provided to all supervisors to be a year. Supervisors train and monitor their workers daily. Factory has installed fans in the factory to reduce the heat and enhance the PPE correctly, w hen they have factor. 2) Workers w hose occupational health check is abnormal in hearing and blood test have been changed to other position w ithout occupational disease risk. Factory has changed the machines w hich produce loud noise right now . And they let the noise testing w hich is under legal requirement. Factory provides maintenance to machines every three months.	Training records on file; noise testing report on file.	Factory conducts internal HSE audit every month and general manager audit every quarter. Because the factory is a good control of factory's HSE condition, the audit result is linked w ith the production supervisor monthly bonus. Workers w hose occupational health check is abnormal in hearing and blood test have been changed to other position that don't present occupational health risks, and w ill attend this year's occupational health medical check up. Workers continue to w ear PPE if required by chemicals' MSDS.	Training records on file; noise testing report on file.															Completed. Through factory tour, it w as noted that w orkers w ere w earing gloves properly w hen using glue.							
Chemical Management		All chemicals and hazardous substances should be properly labelled and stored in accordance w ith applicable law s. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances		1) Thermometer should be placed in the dangerous goods w arehouse to monitor the temperature. 2) Training for special tasks like adhesive, polishing should be arranged as these processes have potential health and safety risk.			1) By on-site observation. 2) By on-site observation and checking the training records of relevant w orkers.		1) Thermometer should be placed in the chemical w arehouse. 2) Factory should provide specific trainings to chemical handling w orkers.	1) 9-Nov-2005, 2) 28-Feb-2006	1) Thermometer w as in place on Nov 2005. 2) Factory provided specific trainings to chemical handling w orkers on Dec. 2005 and w ill keep on providing training to them tw ice a year.	training record on file; visual verification	The first round training w ere completed in Feb. 2006. In addition, factory management is currently looking for outside professional trainers to provide training in the future.	Training records on file.	2) No satisfactory outside consultant for HSE training has been found. Factory w ill continue to look for outside consultant. In addition, factory management has conducted a training course for 14 w orkers in Dec. 2006 to enhance their knowledge on the chemical components and the possible diseases that chemicals cause. Factory is planning to give the training to all w orkers w ho handle chemicals including w orkers on production lines and in w arehouse in February 2007.	Factory management interview	Factory has been trying to find outside consultant for training on chemical handling, but has not yet found a very satisfactory one. How ever, factory internal SBA team has carried out 20 training sessions in January and February on chemical handling for those w orkers w ho handle chemicals on their job.	Factory management interview ; Documentation review	1) Chemicals have been clearly identified. 2) - Flammable and explosive chemicals are separated stored in accordance w ith the relevant safety requirements. 3) - Factory management continues offering the training by the local operator of chemicals on the hazardous know ledge and prevention methods. 4) - Consultant for the 14 annual training days in 2006 and 2007 at the end of 2006.	Factory management interview ; documentation review ; Visual verification	The factory has invited the experts from the local CDC to train the w orkers handling chemicals in the factory. And 4 management staff members participated in the adidas health and safety officer training in 2008, w here some chemical experts w ere invited for some special training courses.	Training records; w orker interview s and management interview . (does this mean completed?)	N/A									
Sanitation in Facilities		All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance w ith applicable law s		Qualification of one of the doctor is Chinese herbalist.			By checking the qualification certificate of doctors.		The Chinese herbalist has the doctor qualification certificate from China medical authority. He only provides w orkers counter medicine.			documentation review											N/A							
Chemical Management	Dangerous Chemical Handling regulation	All chemicals and hazardous substances should be properly labelled and stored in accordance w ith applicable law s. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances	Dangerous chemicals w aste w ere not collected by a qualified collector.				By checking the w aste collection record and the qualification list of collector.	Factory has established their own w aste collection site by to handle the fire safety issue. Especially w orkers	Factory should use a qualified collector w hich is approved by the government to take their chemical w aste.	1Q'76	Factory signed the contract w ith a qualified collector provided by the government on Dec. 2005 and the collector started taking out factory's chemical w aste starting Jan. 2006.	documentation on file	Factory signed the contract w ith a qualified collector provided by the government on Dec. 2005. The collector started collecting factory's chemical w aste on Jan. 2006.	documentation on file													Completed. Through factory tour and document review , it w as noted that all hazardous w astes w ere collected by qualified collector.							
Electrician License	PRC Labor Law article 55	Employers shall comply w ith all local law s, regulations and procedures concerning health and safety.																							New Finding: It w as noted that one electrician license w as not renewed in February 2011. Source: Document review , w orkers and management interview Legal Reference: PRC Labor Law article 55	The missing renew ed electrician license w as renew ed a w eek after FLA's audit. Since the license belonged to a new w orker w ho just entered factory around a w eek before the IEV audit, the finding helped factory to find the implementation shortage. Factory w ill add the procedure of checking the validity of license into the existing procedure for certain license. Whenever the factory employs a new w orker in the factory, HR department w ill check their required licenses to see w hether they are overdue or not. If yes, factory w ill have all these license renew ed in time. And others, factory w ill keep renew ing together once a year.	Document review and management interview .	It is verified that all qualification licenses have been timely renew ed for any operators w here such legal requirement applies, including the electrician license identified in previous FLA IEV. Factory HR review ed the record on a monthly basis to ensure all licenses are timely renew ed in line w ith the legal requirement. The issue can be closed.	Qualification licenses, document review , management interview	It is verified that all qualification licenses have been timely renew ed for any operators w here such legal requirement applies, including the electrician license identified in previous FLA IEV. Factory HR review ed the record on a monthly basis to ensure all licenses are timely renew ed in line w ith the legal requirement. The issue can be closed.	Qualification licenses, document review , management interview	The remediation is completed during last follow up audit.
Emergency Light	PRC Fire Safety of Building Design Regulation (GB50016-2006) article 11.2.3	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that w orkers are not blocked w ithin their w orkstations, employee education, evacuation procedures, etc.) shall be complied w ith. Workers shall be trained in evacuation procedures. Emergency lighting and fire alarms and other evacuation drills shall be undertaken at least annually																							New Finding: It w as noted that no emergency light w as installed in w arehouses. Source: Factory tour Legal Reference: PRC Fire Safety of Building Design Regulation (GB50016-2006) article 11.3.3	Factory w ill install emergency lights in all the w arehouse to reduce the risk of emergency cases, w hich w ill be completed by the end of Jan 2012. And all these emergency lights w ill be inspected monthly to make sure its effectiveness.	Document review and management interview .	It is verified that emergency lights have been installed in all w arehouses of the Factory. Factory has assigned qualified HSE staff to check and complete maintenance of the emergency lights on a monthly basis. Records of checking and maintenance are prepared and filed.	Document review , management interview , on-site inspection.	Factory has assigned qualified HSE staff to check and complete maintenance of the emergency lights on a monthly basis. Records of checking and maintenance are prepared and filed. The issue can be closed.	Document review , management interview , on-site inspection.	The remediation is completed.
PPE	PRC Safety Manufacturing Law article 37	Workers shall be provided w ith effective and all necessary (2) The personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection) shall be complied w ith where inhalation or contact w ith solvent vapors, noise, dust, etc.) to health and safety hazards, including medical w aste.																							New Finding: It w as noted that 60% w orkers in silk printing section did not w ear gormetic. 20% w orkers in computer embroidery section did not w ear anti-static apron. Source: Document review and factory tour Legal Reference: PRC Safety Manufacturing Law article 37	1) a. Factory had qualified 3rd party company to conduct annual environmental pollutants monitoring. the result is far below the required limits, w hich show ed that factory's ventilation system in the printing section is effective. b. Factory had conducted the occupational health check. Factory w ill adjust the w orking location for the w orkers w ho w ere unsuitable for printing. c. Factory also conducted the occupational health risks evaluation factory, according to the evaluation result, only those w orkers w ho directly print do need to w ear gormetic, rubber gloves & protection apron, w hile other w orkers exposed in printing section do not need to w ear PPE. d. Factory already conducted trainings on this to enhance the personal protection in this section. In future, the HSE team w ill conduct more irregular HSE internal inspection on PPE's wearing. 2)Since the computer embroidery department is a separated section, factory strengthened the management by clear visionable w arning sign, PPE training and more irregular HSE internal inspection.	Document review and management interview .	Factory has invited local Center of Disease Control(CDC) to conduct annual environmental pollutants monitoring in Jan. 2012. The testing result indicates air pollutants in printing w orkshop is below national limits. adidas SBA has required the factory to improve the ventilation of w orkers w orking in printing w orkshop. Factory is preparing action plan on this. All w orkers in printing w orkshop are required to take annual occupational health check(OHC). Recent OHC w as conducted in June 2012. Based on OHC result, factory has transferred those w orkers w ho w ere not fit for printing jobs to w ork locations w ith no chemical exposure risks. Factory has also started tracking the w ork locations of w orkers to ensure they do not w ork under chemical exposures. Factory has been providing regular training on Personal Protective Equipment (PPE) and published materials relating to PPE w earing on production floors. Internal HSE audit w as conducted in July, w here around 5% w orkers did not w ear PPE correctly. Ongoing training and monitoring is in place. Factory has placed visual w arning signs in computer embroidery department to remind w orkers of w earing earplugs at w ork. Internal HSE audit conducted in July identified some w orkers did not w ear earplugs.	Document review a nd interview , management interview , and on-site inspection.	Factory has invited local Center of Disease Control(CDC) to conduct annual environmental pollutants monitoring in Dec. 2012. The testing result indicates air pollutants in printing w orkshop is below national limits. Factory took below actions accordingly: (1) Factory already provide masks to all the w orkers in printing w orkshop. (2) All w orkers in printing w orkshop are provided w ith the occupational health check(OHC). Based on OHC result, factory has transferred those w orkers w ho w ere not fit for printing jobs to w ork locations w ith no chemical exposure risks. Factory has also started tracking the w ork locations of w orkers to ensure they do not w ork under chemical exposures. (3) Factory has been providing regular training on Personal Protective Equipment (PPE) and published materials relating to PPE w earing on production floors. (4) Internal HSE audit w as conducted in Jan 2013, all the w orkers in printing w orkshop w ere w earing the PPE. (5) Factory has placed visual w arning signs in computer embroidery department to remind w orkers of w earing earplugs at w ork. Internal HSE audit conducted in July identified some w orkers did not w ear earplugs.	Document review a nd interview , management interview , and on-site inspection.	The remediation is completed.
MSDS	Art. 12 of PRC Safe Use of Chemical Materials in Production Area	Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and in a comprehensive manner that is clear to those in the local language. Workers shall have free access to MSDS.							New Finding: It w as noted that MSDS w as missing for glue stored in some w orkshops. Source: Document review and factory tour Legal Reference: Art. 12 of PRC Safe Use of Chemical Materials in Production Area																			New Finding: It w as noted that MSDS w as missing for glue stored in some w orkshops. Source: Document review and factory tour Legal Reference: Art. 12 of PRC Safe Use of Chemical Materials in Production Area	Factory now has tw o kinds of chemicals MSDS carts on site for the implementation, one is temporary and the other is irremovable. The glue management implementation procedure is w as also updated accordingly. And now all the chemicals, no matter stored or used in the w orkshops, have their MSDS in place. Factory will give more trainings for the relevant w orkers and management on better use of MSDS.	management interview and document review.	Factory compliance team conducted training on chemicals/MSDS in July for production operators w ho are responsible for handling chemicals, and another training session is scheduled for September, 2012. On-site investigation by adidas SBA confirmed that no MSDS of chemicals used/stored in factory is missing and all are properly posted.	Management interview and document review	On-site inspection by adidas SBA confirmed that no MSDS of chemicals used or stored in factory is w as missing and all w ere posted properly. Factory sent 6 internal trainers to participate the training of chemicals organized by adidas SBA in Dec. 2012. Based on the internal trainings on chemicals/MSDS for the operators w ho are responsible for handling chemicals w ere conducted during March to May 2013. Training records w ere kept properly on this training. The remediation is completed.	management and w orkers interview , document review and on-site inspection.

FLA Code Compliance Issue			AIM Findings							Remediation		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Company Verification Follow-Up							
	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	Existence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features Implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Company follow up (16-Feb-06)	Documentation	Company Follow up (30-May-2006)	Documentation	Company Follow up (10-Jan-2007)	Documentation	Company Follow up (13 July, 2007)	Documentation	Company Follow up (Duly 2008)	Documentation	Company Follow up (July 2009)	Documentation	IBV Assessment (September 8th&7th, 2011)	Company Follow-Up (January 2012)	Documentation	Company Follow-Up (August 2012)	Documentation	Company Follow-Up (March 2013)	Documentation	Company Follow-Up (September 2013)	Documentation
2. Freedom of Association and Collective Bargaining																																	
Employers will recognize and respect the right of employees to freedom of association and collective bargaining																							N/A										
		FLA Comment: *The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the All China Federation of Trade Unions (ACFTU). Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. However, during 2011, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms.*																					N/A										

		RM Findings						Remediation		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)		Company Verification Follow-Up							
FLA Code Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features Implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Company follow up (16-Feb-06)	Documentation	Company Follow up (30-May-2006)	Documentation	Company Follow up (15-Jan-2007)	Documentation	Company Follow up (13 July, 2007)	Documentation	Company Follow up (July 2009)	Documentation	Company Follow up (July 2009)	Documentation	IEV Assessment (September 8th&7th, 2011)	Company Follow-Up (January 2012)	Documentation	Company Follow-Up (August 2012)	Documentation	Company Follow-Up (March 2013)	Documentation	Company Follow-Up (September 2013)	Documentation
		The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The Act also requires trade unions to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003,the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements in companies with trade union committees.																			N/A								
Right to Freely Associate		Workers without distinction have the right, without previous authorization, to establish or to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment			Workers not aware of arrangement of union		Workers interview			Factory will provide trainings for w orkers on function of union and supervisors w ill provide daily aw areness promotion to w orkers in the function of the union.	31-Mar-06	Factory provides training for new w orkers during orientation. For existing w orkers, supervisors give talk to w orkers during their w eekly meeting.	New w orker orientation record; w orker interviews s	Since the factory w ill be re-located and merged w ith a sister factory by October 2006, factory had stopped recruiting new w orkers. All current w orkers are aw are of the Union.	Factory management interview; w orker interview	Due to the relocation of the old factory, the old union no longer exists. New union w ill be established in the new building by March 2007.	Factory management interview	New union w as set up in April. Factory announced the set-up of the union in the Factory's monthly magazine and posted the information about the union on notice board. Currently there are 2 full-time and 2 full-time union committee members have been on board and started to w ork.	Factory management interview; Documentation review					There is a trade union in the factory, w hich is under the leadership of local governmental trade union. The union members include management staff and production w orkers. Approximately one-third of w orkers are members. The union organizes sports games, entertainment activities for all w orkers and helps w orkers to resolve their problems/difficulties w henever they need.	On top of organizing leisure activities during off-w ork hours, factory trade union is involved in resolving w orkplace issue, for example, w orkers may approach union officers to file complaints. Trade union officers and factory management team are meeting on quarterly basis to discuss w orkplace issues. An ad-hoc meeting may be set up if any emergency requires this. Follow-ing China Trade Union Law , factory trade union is involved in signing collective employment contract w ith management, and files a copy to somior level trade union per legal requirements. Factory trade union is invited to offer comments upon each review and update of w orker handbook. The union officers make recommendations on improving w orkers benefits and w orking conditions. Factory trade union is planning to attract more w orker membership in the coming re-election scheduled for Sept.2012, w ith an aim to build up a stronger w orker representation and improve the effectiveness of collective bargaining and communication w ith management. Factory plans to register union officers into collective bargaining w orkshops organized by local county level trade union in coming 12 months, to build up their capacity.	Management interview and document review	On top of organizing leisure activities during off-w ork hours, factory trade union is involved in resolving w orkplace issue, for example, w orkers may approach union officers to file complaints. Trade union officers and factory management team are meeting on quarterly basis to discuss w orkplace issues. An ad-hoc meeting has been conducted in the forst 6 months of 2012 and meeting records are filed. Follow-ing China Trade Union Law , factory trade union is involved in signing collective employment contract w ith management, and files a copy to somior level trade union per legal requirements. Factory trade union is invited to offer comments upon each review and update of w orker handbook. The union officers make recommendations on improving w orkers benefits and w orking conditions. Factory trade union is planning to attract more w orker membership in the coming re-election scheduled for Sept.2012, w ith an aim to build up a stronger w orker representation and improve the effectiveness of collective bargaining and communication w ith management. Factory plans to register union officers into collective bargaining w orkshops organized by local county level trade union in coming 12 months, to build up their capacity.	Management interview , document review	On top of organizing leisure activities during off-w ork hours, factory trade union is involved in resolving w orkplace issue, for example, w orkers may approach union officers to file complaints. Trade union officers and factory management team are meeting on quarterly basis to discuss w orkplace issues. An ad-hoc meeting has been conducted in the second 6 months of 2012 and meeting records are filed. Follow-ing China Trade Union Law , factory trade union is involved in signing collective employment contract w ith management, and files a copy to somior level trade union per legal requirements. Factory trade union is invited to offer comments upon each review and update of w orker handbook. The union officers make recommendations on improving w orkers benefits and w orking conditions. With the aim to build up a stronger w orker representation and improve the effectiveness of collective bargaining and communication w ith management, the election of w orkers representatives(IWR) w as completed in Jan.2013, w ith 159 IWR members, and 42 WR officers. The IWR w ill management w ill meet on quarterly basis to discuss w orkplace issues and w orkers benefits. So far City trade union does not have a planner of collective bargaining w orkshop.	Management interview , document review	Ongoing: Trade Union(TU) members re-election w as completed in early April 2013 by all the w orkers, w ith 11 TU members and 9 TU officers. They w ill meet w ith management on a quarterly basis to discuss w orkplace issues. One meeting has been conducted in April for the first half of 2013 and the meeting records are filed. On top of organizing leisure activities during off-w ork hours, factory trade union is involved in resolving w orkplace issue, for example, w orkers may approach union officers to file complaints. The union officers make recommendations on improving w orkers benefits and w orking conditions. The IWR and management meet for ice in the first half of 2013 to discuss w orkplace issues and w orkers' benefits, and kept the meeting records. With the aim to build up a stronger w orker representation and improve the effectiveness of collective bargaining and communication w ith management, after the election of the w orkers representatives(IWR) in Jan.2013, factory solicite 3 IWR officers to participate the IWR capacity building training by qualified NGO from August to October 2013. And the 3 IWR officers w ould train the rest of the WRs on the knowledge and experience learned from the training. During the interview w ith w orkers, they knew their WRs and the TU members, and have general understanding on their roles. As factory keeps on improve the capacity of the WRs and TUs, the improvement is still ongoing.	Management interview , w orkers interview and document review.
6. Wages and Benefits Employers recognize that w ages are essential to meeting employees' basic needs. Employers w ill pay employees, as a minimum, at least the minimum w age required by local law or the prevailing industry w age, w hichever is higher, and provide legally mandated benefits.																							N/A								
Wage Benefits Awareness		Employers w ill communicate orally and in w riting to all employees in the language of the w orker the w ages, incentive systems, benefits and bonuses to w hich all w orkers are entitled in that company and under the applicable law		Workers not familiar w ith bonus calculation.			Worker interview		Factory management to post information in a public place on how to calculate bonus. Provide training on bonus calculation to w orkers in orientation. Supervisors are responsible to update w orkers on bonus calculation monthly.	28-Feb-06	The training is provided for new w orkers during orientation. For existing w orkers, w hen they receive their pay slips every month, their supervisors explain how the bonus is calculated.	New w orker orientation record; documentation review	Since the factory w ill be re-located and merged w ith a sister factory by October 2006, factory had stopped recruiting new w orkers. All current w orkers in the factory know about the bonus calculation.	Factory management interview; w orker interview	Factory has conducted an exams to all production line supervisors on the production bonus calculation. Besides posting the rules on production bonus calculation on the notice board, supervisors are responsible for clearly training w orkers on the bonus calculation system.Factory is also going to conduct exams to the interviewe s in February 2007 to verify w hether the w orkers understand the bonus calculation system.	Factory management interview	Supervisors are still responsible to inform w orkers of bonus calculation. In April 2007, factory carried out random-w orker interviews to investigate if w orkers are clear about bonus calculation or not. How ever, the result is not satisfactory as the majority don't know about the bonus calculation system. Factory revised the formula of bonus calculation is too complicated for w orkers to understand. Factory needs to re-evaluate the bonus calculation.	Factory management interview; Documentation review	Bonus policy is posted on bulletin boards and in the employee handbook. the orientation training and annual-training is being provided, so workers generally understand it easily.	Factory management interview and w orker interview			N/A							
Voluntary Use of Benefits		All w orkers have a right to use or not to use employer provided services, such as housing or meals		40%RMB per day w ill be deducted even w orkers not having meal in the factory but reported duty on that day.			Payment slip and attendance record; In addition, management agreed that currently they don't have a system to verify this situation.		Factory is to revise the policy - breakfast w ill be provided for free, lunch/dinner is RMB 2 per meal, and w orkers can choose w hether they w ant to have meals in factory or not, monthly.	30-Apr-06	Factory is looking for the best solution including testing some new IT systems. The draft of the revised policy is in place.	documentation review	Factory IT dept. has chosen the softw are w hich can automatically record the number of meals that w orkers have taken, and then link it w ith the w age system. This IT system w ill be on trial in July.	Factory management interview	Factory has completed the trial test for the new recording softw are and machines. Factory w ill install the machines in the canteen at the end of January. Due to combination of the meal recording system w ith the salary calculation system, IT and HR departments need 2 more w eeks to test the integrated system. As a result, the recording system w ill begin to be implemented by March 2007.	Factory management interview			Since March 1st 2007, factory has implemented the IT system to record the number of meals that w orkers have, and factory deducts the meal charges according to the numbers of meals.	Factory management interview; Documentation review			Completed. Through document review and w orker interview , it w as noted that w orkers paid meal fee to canteen directly w hen they ate in canteen. No extra money needed be deducted.							
8. Hours of Work Except in extraordinary business circumstances, employees w ill (i) not be required to w ork more than the lesser of (a) 48 hours per w eek and 12 hours overtime or (b) the limits on regular and overtime hours allow ed by the law of the country of manufacture or, w here the law s of such country w ill not limit the hours of w ork, the regular w ork w eek in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period																							N/A								
Forced overtime		Under extraordinary business circumstances, employers w ill make extensive efforts to secure voluntary overtime w ork prior to mandating involuntary overtime			Some w orkers feedback that they might have difficulty to apply OT exemption.		w orkers' interview s		Voluntary overtime policy is w ritten in w orkers handbook. Factory w ill provide trainings for w orkers and supervisors regularly on such policy.	28-Feb-06	Voluntary overtime policy has been alw ays in the w orker handbook. V erbal training (remedging) is given during w eekly meeting.	Worker handbook	Workers understand the voluntary overtime policy w ell and they can refuse to w ork overtime freely.	Worker interview								N/A								
Overtime hours	PRC Labor Law article 41)	Employers shall comply w ith all local law s, regulations and procedures concerning hours of w ork, public holidays and leave.																					New Finding: It w as noted that the monthly overtime hours of 19 out of 15 randomly selected w orkers exceeded 36 overtime hours in July 2011 (Most current month). 5 out of 5 ranged from 57-96 hours in April 2011 (Random) and 5 out of 5 ranged from 81 -104 hours in September 2010(Random). Source: Document review , w orkers and management interview s. Legal Reference: PRC Labor Law article 41	In April 2011, factory operated on a sw apped holiday, w hich made the max. overtime at 96 hours/month w hile following adidas' w eekly standard of 60-hour limit. In July 2011, the maximum monthly overtime w as 93 hours w hile following adidas standard of 60-hour limit. Factory breached 60 hours limit during September 2010, as they ran into delay of raw material supply. Factory has been implementing voluntary overtime mechanism to ensure w orkers have the right to refuse overtime and are not forced into overtime. Factory has been granted government approval for Comprehensive Working Hour System w hich allow s factory to operate on extended overtime and breach the legal limit of 36 hour overtime per month. In order to enhance w orking hour control, factory plans to take below actions: 1. Conduct internal audit tw ice a year on w orking hours to identify any violation and find out root causes. 2. Enhance trainings on w orking hour standards to w orkers and management; 3. Post the w orking hour standards on factory public notice boards. 4. Keep sending monthly w orking hour report to adidas SEA. 5. Improve communication w ith material suppliers to reduce material delay.	Time card records review, and management interview.	Factory has exercised good control over w orking hours in the first 6 months of 2012. How ever, factory operated over 60-hour limit in April, May and June under the reason that unexpected new material quality issue and new of the specialized new articles of shoes. Factory is now operating w ithin 60-hour limit. Labor internal audit w as conducted in July by factory compliance team and management. Audit report w as prepared and corrective action plan is in place. Training on w orking hour standards w as conducted by factory compliance team in June, and another training w orkshop is scheduled for September. The w orking hour standards have been posted on public notice boards for w orkers' information. And the w orking hour standards are included in the w orker handbook, w ith one copy distributed to each w orker. Factory has been sending monthly w orking hour report to adidas SEA team for review. Factory merchandising team has been trying to provide lead time on material orders and reduce emergency orders. Cases of material delays are recorded and analyzed to find out root causes and take corrective actions.	Document review, and management interview.	Factory has exercised good control over w orking hours in the first 6 months of 2012. How ever, factory operated over 60-hour limit in July under the reason that they did not have sufficient capacity for some specialized new articles of shoes. Factory is now operating w ithin 60-hour limit. Labor internal audit w as conducted in July by factory compliance team and management. Audit report w as prepared and corrective action plan is in place. Training on w orking hour standards w as conducted by factory compliance team in June, and another training w orkshop is scheduled for September. The w orking hour standards have been posted on public notice boards for w orkers' information. And the w orking hour standards are included in the w orker handbook, w ith one copy distributed to each w orker. Factory has been sending monthly w orking hour report to adidas SEA team for review. Factory merchandising team has been trying to provide lead time on material orders and reduce emergency orders. Cases of material delays are recorded and analyzed to find out root causes and take corrective actions.	Document review, and management interview.	Factory has exercised good control over w orking hours in August, September 2012. How ever, factory operated over 60-hour limit in early April and May and December 2012 under the reason that they did not have sufficient capacity resulting from labor shortage. Factory is now operating w ithin 60-hour limit. Working hour internal audit w as conducted in November 2012 by factory compliance team and management. Audit report w as prepared and corrective action plan is in place. The w orking hour standard w as posted on the w orkshop. And the w orking hour standards are included in the w orker handbook, w ith one copy distributed to each w orker. And every fresh w orkers are trained for the w orking hour standards. Factory has been sending monthly w orking hour report to adidas SEA team for review. Factory merchandising team and adidas sourcing team have been w orking together to reduce the emergency orders. In order to improve the production capacity, factory analysised the root cause and took corrective actions on improving the bonus, increasing minimum w age and position allow ance to retain w orkers. After the improvement, the turnover rate of factory reduced from	Document review, and management interview.	Ongoing: Factory has exercised good control over w orking hours in March, July and August of 2013. How ever, factory operated over 60-hour limit in April, May and June under the reason that unexpected new material quality issue and new of the specialized new articles of shoes. Factory is now operating w ithin 60-hour limit. Key T2 supplier factory closure resulted in delays. Factory is now operating w ithin 60-hour limit w ith the below actions. In addition, factory continues to conduct training on w orking hours to w orkers, control the implementation through internal audit and review by senior management team. 1. Factory SEA team conducted internal audit on the w orking hour issues to control the w orking hours. 2. The training for the w orkers and all the supervisors on w orking hour standards is scheduled for Q3-Q4,2013. 3. Factory merchandising team and adidas sourcing team have been w orking together to find the root cause and avoid the unexpected material delay and quality issues. 4. And factory w ill add tw o new production lines at w orkshop to increase the capacity around 8000 pairs per month. 5. And factory w ill purchase the material in advance by around 10% to avoid the material delay impact. 6. During the previous action on maintain the w orkers, the turn-over rate reduce 1.5%.	Document review , w orkers and management interview , and on-site inspection
Weekly w orking hours		Employers are allow ed to calculate normal hours of w ork on an annualized basis (i.e., averaging over time w eek w here local law s, regulations and practices provide for such a possibility but only w hen all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during w hich such calculations can be made) are met. The w orking hours, including overtime, shall comply in all times the lesser of: 48 hours per w eek or legal limits on hours of w ork in the country of manufacture or, w here such legal limits do not exist, the regular w ork w eek in such country.																			New Finding: It w as noted that w eekly overtime hours of all 5 randomly selected w orkers w ere 63-96 hours in September 2010. Source: Document review , w orkers and management interview s. Legal Reference: FLA Benchmark	In April 2011, factory operated on a sw apped holiday, w hich made the max. overtime at 96 hours/month w hile following adidas' w eekly standard of 60-hour limit. In July 2011, the maximum monthly overtime w as 93 hours w hile following adidas standard of 60-hour limit. Factory breached 60 hours limit during September 2010, as they ran into delay of raw material supply. Factory has been implementing voluntary overtime mechanism to ensure w orkers have the right to refuse overtime and are not forced into overtime. Factory has been granted government approval for Comprehensive Working Hour System w hich allow s factory to operate on extended overtime and breach the legal limit of 36 hour overtime per month. In order to enhance w orking hour control, factory plans to take below actions: 1. Conduct internal audit tw ice a year on w orking hours to identify any violation and find out root causes. 2. Enhance trainings on w orking hour standards to w orkers and management; 3. Post the w orking hour standards on factory public notice boards. 4. Keep sending monthly w orking hour report to adidas SEA. 5. Improve communication w ith material suppliers to reduce material delay.	Time card records review, and management interview.	Factory has exercised good control over w orking hours in the first 6 months of 2012. How ever, factory operated over 60-hour limit in July under the reason that they did not have sufficient capacity for some specialized new articles of shoes. Factory is now operating w ithin 60-hour limit. Labor internal audit w as conducted in July by factory compliance team and management. Audit report w as prepared and corrective action plan is in place. Training on w orking hour standards w as conducted by factory compliance team in June, and another training w orkshop is scheduled for September. The w orking hour standards have been posted on public notice boards for w orkers' information. And the w orking hour standards are included in the w orker handbook, w ith one copy distributed to each w orker. Factory has been sending monthly w orking hour report to adidas SEA team for review. Factory merchandising team has been trying to provide lead time on material orders and reduce emergency orders. Cases of material delays are recorded and analyzed to find out root causes and take corrective actions.	Document review, and management interview.	Factory has exercised good control over w orking hours in August, September 2012. How ever, factory operated over 60-hour limit in early April and May and December 2012 under the reason that they did not have sufficient capacity resulting from labor shortage. Factory is now operating w ithin 60-hour limit. Working hour internal audit w as conducted in November 2012 by factory compliance team and management. Audit report w as prepared and corrective action plan is in place. The w orking hour standard w as posted on the w orkshop. And the w orking hour standards are included in the w orker handbook, w ith one copy distributed to each w orker. And every fresh w orkers are trained for the w orking hour standards. Factory has been sending monthly w orking hour report to adidas SEA team for review. Factory merchandising team and adidas sourcing team have been w orking together to reduce the emergency orders. In order to improve the production capacity, factory analysised the root cause and took corrective actions on improving the bonus, increasing minimum w age and position allow ance to retain w orkers. After the improvement, the turnover rate of factory reduced from	Document review , w orkers and management interview , and on-site inspection
10. Overtime Compensation In addition to their compensation for regular hours of w ork, employees w ill be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such law s w ill not exist, at a rate at least equal to their regular hourly compensation rate.																							N/A								
OT Compensation		The factory shall comply w ith applicable law for premium rates for overtime compensation		Fixed overtime w age, 3 days (24hours), w ere paid to officers in w arehouse and PMC even though their actual overtime w orking hours exceed 16 hours (16 hours x 1.5 =24 hours)			Wage calculation guideline, payment slip & attendance record.		Factory will revise the w orkers handbook and the policy and inform all w orkers of the correct calculation for overtime payment. All w orkers w ill be paid according to their actual w orking hours and to law requirements.	31-Mar-06	Factory revised the policy and states that all overtime w ork w ill be paid according to their actual w orking hours and to law requirements. Factory informed all employees of such policy on 23-Dec-05 and the policy came into effect since 1-Jan-06.	documentation review; interviews s	All overtime w ork is paid according to the actual hours and at correct rate.	Documentation review								Completed. Through document review and management interview , it w as noted that w orkers were paid at 1.5 times of their hourly rate if overtime hours is less than 16 hours, any w orker w ho w orked overtime exceeding 16 hours w ould be paid as per							
Miscellaneous																															